A Significant Decline in Algeria’s Economic Indicators in 2020

The volume of Algerian oil exports and their revenues witnessed a significant decline in the year 2020, as the total volume of hydrocarbon exports reached $20 billion, representing a decrease of 11% and 40%, respectively, compared to 2019.

The average price of oil ranged at $42 a barrel during 2020 compared to $64 a barrel during the year 2019, with a decline of nearly $23 a barrel (-35%). By taking into account the other exports of the energy sector, which include petrochemicals and others, the total exports of the sector exceeded 22 billion dollars (18.19 billion euros) in 2020.

As for revenues, tax revenues for the public treasury decreased by 32% during 2020 compared to 2019. As for investments, they amounted to $7.3 billion in 2020, a decrease of about 30% compared to investments in 2019, which were estimated at $10.2 billion.

The annual outcome stated that a thousand new job opportunities were created in the sector during the year 2020. In parallel, the bill for importing petroleum products decreased to less than $700 million, or 50% compared to 2019 imports.

The International Monetary Fund had predicted that Algeria, the fourth largest economic power in Africa, would record a 5.2% recession in 2020 and a general budget deficit among the highest in the region. The recently approved public finance law for 2021 notes that the country’s foreign exchange reserves are reduced to less than $47 billion, to be gradually raised again in the next two years.

Source (Al-Arabiya.net website, Edited)
Jordan is expecting a Growth of 2.5% this year

The Jordanian Finance Minister hoped that the growth rate would recover to 2.5 percent in 2021, following a 3 percent contraction in 2020, due to the closures and a sharp decline in tourism which hit the economic activity.

Minister Mohamad Al-Ississ confirmed to the Parliament that the 2021 forecast, consistent with the estimates of the International Monetary Fund, depends on the absence of more large closures. The gradual reopening of most of the major corporate and industry activities since last summer had contributed to the improvement of the IMF’s estimates, after they had included a sharp contraction of 5 percent.

The collapse of tourism and the decline in remittances from workers abroad put pressure on the public finances and the balance of payments, while unemployment jumped to a record high of 22 percent due to bankruptcies and layoffs.

Al-Ississ stressed that the main objective of the current year’s budget of 9.9 billion dinars (14 billion dollars) is to maintain financial stability. He furtherly affirmed that Jordan’s commitment to IMF reforms and investor confidence in improving its economic outlook, helped to maintain a stable sovereign credit rating at a time when ratings in other emerging markets were downgraded.

On the other hand, figures of the Central Bank of Jordan showed that foreign exchange reserves stabilized last year at $12.17 billion, compared to their level at the end of 2019.

The foreign reserves in Jordan have been negatively affected since the beginning of 2016 due to the slowdown in remittances from expatriates, tourism income and foreign investment. In 2020, measures were imposed to contain the outbreak of the Coronavirus, which negatively affected economic activity in the Kingdom.

Source (Asharq Al-Awsat Newspaper, Edited)
منح وكالة "ستاندرد انز بورز" تصنيفا ائتمانيا سياديا لدولة الكويت عند المرتبة (AA-) مع نظرة مستقبلية سلبية، في ضوء استمرار نفاد المصدة السائلة للمالية العامة.

وتوقعت الوكالة في تقريرها اتساع عجز الموازنة العامة لدولة الكويت إلى نحو 30% من الناتج المحلي الإجمالي في العام المالي 2021/2020 مقارنة بعجز يقارب 10% من الناتج المحلي الإجمالي في عام 2019/2020، بينما يقترب المصدر الرئيسي لتمويل الموازنة العامة، وهو صندوق الاحتياطي العام، من النضوب.

وبحسب الوكالة فإنه بعد هذا المأزق المالي الفوري، لا يزال زخم الإصلاح الأوسع بطيئا ومعقدا بسبب علاقة المواجهة بين مجلس الأمة والحكومة، ومع ذلك، فإن إجمالي المدخرات الحكومية المتراكمة لدولة الكويت لا تزال كبيرة.

وأخبرت وكالة "ستاندرد انز بورز" بذلك الصنف الائتماني السيادي لدولة الكويت خلال الأشهر الستة إلى الأشهر التالية إذا استمر منع المؤسسات الكويتية من إيجاد حل مستدام طويل الأجل بشأن احتياجاتها الفورية.

Indicating that the negative outlook of the classification in the first place reflects the agency’s view of the risks in the short and medium term, arising from public financial pressures, represented by the expected reduction of the main source of government funding for the General Reserve Fund, while no alternative arrangements have yet been developed to finance the budget deficit. The rating also reflects medium-term risks due to slow progress in structural reform.

The agency revealed that there is a possibility to reduce the sovereign credit rating of the State of Kuwait during the next six to twelve months, if Kuwaiti institutions continue to prevent the government from finding a long-term sustainable solution to their financing needs.

Source (Al-Araby Al-Jadeed Newspaper, Edited)
In an interview with Al-Arabiya, the Egyptian Minister of Finance, Mohamed Maait, confirmed that foreign investors’ confidence in the Egyptian economy raised their investments in debt instruments to $26 billion, according to the current balance. Describing the process of restoring the balance of foreign investments in debt instruments, as a very big shift from the situation that was the case last April, in which the balance of foreign investments in Egyptian debt instruments reached 3.9 billion dollars as a result of panic among investors with the closure at that time all over the world due to the circumstances of the Corona pandemic.

Minister Maait touched on the challenges of "the very high degree of uncertainty due to the unstable conditions with the Corona pandemic and the procedures for complete closure that are likely to be renewed in various countries of the world", expecting that the loss in revenues will reach amounts ranging from 150 to 200 billion pounds in the expected revenues for the fiscal year completely.

He stated: Due to these difficult circumstances, the Ministry of Finance has amended its targets for the total deficit from 6.3% to 7.9%, and the debt-to-GDP ratio from 83% to 89%, in addition to adjusting the target economic growth rate to be between 2.8% to less than 4%, according to the control on the circumstances of the pandemic, and the nature of the movement of economic activity inside and outside Egypt. Also, the primary target surplus has been adjusted from 130 billion pounds to a value ranging between 35 - 40 billion pounds for the entire fiscal year.

Maait furtherly explained that the Egyptian general budget had achieved an initial surplus in the first half of the current fiscal year by about 14 billion pounds, while the primary budget deficit decreased to 3.6% of the GDP, compared to 4.1% during the same period of the previous year. Revealing that this surplus was achieved despite the increase in capital spending allocations, represented by the increase in the value of government investments for budget agencies, with an annual growth rate of 103%, the payment of all pension funds dues, and the provision of budgetary needs.

He also pointed to a decline in the bill for servicing the debt of the budget apparatus by 8% to 246 billion pounds, compared to about 267 billion pounds in the same period last year.

Source (Al-Arabiya.net website, Edited)